

Public Outreach and Training Activities
Prepared by Ann Richards and Ellen Yount

Draft: Prepared March 27, 2002

Overview

Since 1999, the USAID-funded Macedonia Investment Development Program has provided assistance to the MSE. The MSE's objectives are to establish an exchange that will provide for an open and transparent mechanism for the listing of securities (equity and debt instruments) by issuing companies and the purchase by investors (individuals and institutions.) Increased public awareness of capital markets development by investors will lead to increased trading, increased income for the broker/dealer community and, ultimately, the forum where enterprises can raise cost-effective funds for further developing their businesses and thereby increasing growth of the economy and creating jobs.

The stock exchange faces several challenges, including but not limited to the lack of listed companies on the official exchange, little public awareness of the exchange and what it does and the benefits of stock ownership.

Therefore, these trainings would seek to address the impediments on both the “issuer” and the “investor” sides, as well as provide journalists with the tools for more accurate reporting -- which will lead ultimately to a great understanding of the capital markets.

Specifically, training sessions are envisioned for three “audiences”:

1. Journalists
2. Financial intermediaries (stand-alone broker/dealers and broker/dealer subsidiaries of banks)
3. Enterprises training for potential listing

Journalist Training Seminars

Although the Macedonia Stock Exchange (MSE) has undertaken public outreach and awareness activities, these efforts have been sporadic. The SEC also conducted a public awareness campaign last year (March-June 2001), although this campaign coincided with the height of ethnic tensions and fighting in the country. As a result, much of the campaign may have been lost on the general public and there does not appear to have been any follow-up research to determine the effectiveness of the campaign.

There is a need to inform the public about the fundamentals of the Stock Exchange, how capital markets function in other countries and the rights of shareholders. Journalist also need to gain a better understanding of the benefits in a general economic sense of developing Macedonia's capital markets, as well as the particulars of the listing process, the benefits of listing, the operation of the BEST system as well as the benefits and

procedures of dual-listing since MOUs have been or will be signed respectively with the Ljubljana and Athens Stock Exchanges.

It is envisioned that a Journalist Retreat would be held the weekend of May 18 and 19th, at a hotel near Lake Ohrid. This educational retreat would bring together presenters from the MSE, the SEC, Brokerage Houses, SEAF and the Central Depository. Consultant Ellen Yount, together with the MSE's Public Relations Director, Milco Kupev, will be responsible for developing the agenda; securing the participation of the presenters and helping them understand their specific role and identifying journalist participants.

World Learning, it is hoped, could provide the logistical and financial support in the following areas: sending out and confirming journalists' invitations; securing the hotel and marking appropriate reservations; and arranging transportation, lodging and food for the participants. Consultant Ellen Yount has already discussed this project with Ann Atkinson. Pending USAID approval, World Learning is interested in moving forward with this project but believes that planning would need to take place immediately to undertake a May seminar. However, given that many of the presenters have already been identified, and the journalists can be easily identified, this should pose less of a challenge.

It is envisioned that a total of 30 individuals (journalists and presenters) would attend this conference.

The target date for this weekend retreat is May 17-19 at the Hotel Bellvie at Lake Ohrid. A preliminary budget estimate is \$5,000, which would include accommodation, food, transportation, and translation equipment.

We would work with ProMedia/IREX to do follow-up with the journalists after the training.

Public Outreach to General Audience

While the journalists will serve as a conduit to a wider public audience, direct citizen contact is also greatly needed to provide an overall level of understanding about capital markets and the rights and responsibilities of shareholders. Knowledge is also needed in how investing in securities (equities and debt instruments) over the long term can create a significant pool of funds for retirement and how the Stock Exchange and the broker/dealer community can play a role in facilitating this savings goal.

A wider public outreach project should be undertaken with a series of public meetings organized by the MSE, utilizing public speakers such as Evgeni Zografski and Milco Kupev, 2-3 broker/dealers, a SEC representative, Janko Trenkoski from SEAF; and a representative from the Central Depository. Such seminars were arranged by the MSE in 1996, working with local banks, and so the framework is in place to repeat the process. Ideally, these would take place the last week of May and first week of June. It is hoped that the MSE would fund such outreach seminars, with technical training assistant from Ellen Yount and Ann Richards.

Financial Intermediaries' Training and Enterprise Training

The development of enterprises that would be candidates for listing on the MSE will be a multi-prong effort. Training will be focused on financial intermediaries (including stand-alone broker/dealers and broker/dealer subsidiaries of banks) and enterprises and will be in group form. These are envisioned as a one-day training course in Skopje.

1. Financial Intermediaries. The initial meetings will be held with financial intermediaries so that they will understand the concept soliciting a potential issuer of securities and the steps that are involved in guiding an issuer to the markets. They will be coached on how to solicit an issuer, the benefits that accrues to the issuer from having a stock issue listed, the steps necessary to file a prospectus with the securities regulator, and the ongoing reporting requirements subsequent to the offering of securities.

Ann Richards will work with Zvonko Popovski, head of the listing department and the membership department of the Macedonian Stock Exchange, and Zoran Kolev, head of the broker/dealer association, to target the financial intermediaries to be invited to attend.

The target date for this training is Wednesday, May 15th.

It is hoped that World Learning could provide the funding for the room rental and food, translation equipment and translator, as well as any related transportation costs. It is likely that this training would take place at the Holiday Inn or Alexander Palace hotels.

2. Enterprises. The approach to the enterprises will be a two-pronged approach. In working with the financial intermediaries included in the training above, Mr. Popovski from the Exchange, and other sources as well, a group of enterprises will be invited to attend a seminar on the specifics of issuing securities. Topics to be covered: 1. What types of securities exist that could be issued and their characteristics; 2. What benefits accrue to the enterprises from issuing the different types of securities; 3. What disclosure requirements for the enterprises exist prior and subsequent to issuance of securities; and 4. What amount of time is required to effect such transactions.

In addition, Dr. Zografski has agreed that he will set up meetings with five different enterprises that he, Mr. Popovski and Ann Richards will meet separately to more thoroughly discuss specific issues regarding the issuance of equity securities on the Macedonian Stock Exchange.

It is hoped that World Learning could provide the funding (for the group approach only) for the room rental and food, translation equipment and translator as well as any

related transportation costs. This training will take place at the same hotel location as the Broker/Dealer training.

The target date for this training is Wednesday, May 22nd.

The outcome of these meetings will give us guidance on what additional training and outreach sessions should be developed for the month of June.